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Information paper prepared for the Joint Staff Coordinating Committee for Higher Education in Wisconsin. Presents abstracts of four U.S. Office of Education articles dealing with the organization and support of public 2-year colleges. Stresses implications for 2-year institutions in Wisconsin.

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Informational Item # 21
Part 2

SUMMARY

Patterns of Organization and Support
In Public 2-Year Colleges

A total of 365 two-year institutions operating during the school year 1956-57 were surveyed by the U.S. Office of Education to determine the pattern of organization for fiscal support and control under which each institution operated and to determine the sources of income from which each institution met operating expenses. All 365 institutions responded to the query on organization, but only 247 responded to the inquiry regarding operating expense.

Many factors were found to influence the financial support patterns of public two-year colleges, and there is wide diversity in the support patterns noted by the USOE study. Some of the influential factors determined were:

> ...historical development of the tax and educational structure of the state, legal structure of the state, legal structure of state agencies, wealth of the state, characteristics of the economy contributing to the state income, density of population, degree of local autonomy provided in the control of 2-year colleges, strength and wealth of alumni groups, objectives and scope of the program of the college, and the types of clientele served.

USOE personnel drew five conclusions from the broad study they conducted and reported in four separate articles.

1. "There are three predominant types of public 2-year college organization: local or district, state, and 2-year off-campus centers of 4-year state colleges and universities;
2. "There are five major sources of funds for support of 2-year colleges: tuition, state taxes, local taxes, gifts and donations (including endowments), and auxiliary services.

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3. "The principle of cost sharing is widely accepted in 2-year colleges usually with the student, the local area, and the state assuming most of the cost;
4. "Any state that copies the exact financial support pattern of another state will likely find it to be inappropriate or inadequate for its own conditions;
5. "Procedures for organizing and financing 2-year colleges are not firmly fixed. This study compared to earlier ones shows that many changes are taking place; therefore, this study should be repeated periodically, possibly every five years, and other related inquiries in the field should be encouraged."

Informational Item # 21
Part 2

# PATTERNS OF ORGANIZATION AND SUPPORT IN PUBLIC 2-YEAR COLLEGES

Four articles dealing with the organization and support of public two-year colleges recently were published in pamphlet form by the U.S. Office of Education (USOE).* In the present paper abstracts of each of the articles are presented for the information of members of the Coordinating Committee for Higher Education.

* * * *

## Patterns of organization and fiscal support (Article I)

A total of 365 two-year institutions operating during the school year 1956-57 were surveyed to determine the pattern of organization for fiscal support and control under which each institution operated and to determine the sources of income from which each institution met current operating expenses. All 365 institutions responded to the organizational query, but only 247 (67.7%) responded to the inquiry regarding current operating expenses.

Seven major categories of organizational patterns for fiscal support and control were determined. They are:

1. Junior colleges operated as part of "unified" public school districts, i.e., those districts set up for the administration of elementary, secondary, and junior college programs under one board of control;

2. Junior colleges found in "high school and junior college districts". Here the secondary and college programs are administered by the same board of control;

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* The first three articles originally appeared in issues of Higher Education (May and December of 1958 and March of 1959).

3. Local junior college districts which provide for boards of control to be separate from high school boards. Furthermore, the boundaries of such districts are coterminous with a single public school district (high school or grades kindergarten through 12).

4. "Union junior college districts", which are similar to local junior college districts in that the district is set up for administering the college program alone and under a separate board. Unlike the local junior college districts, however, union districts overlap two or more high school districts;

5. "State junior colleges", which have no local tax-supporting district. These institutions have their own boards of control;

6. "Two-year, off-campus university extension centers", lower division branches of state colleges or universities;

7. County normal schools, represented only by those in the state of Wisconsin. -

## Predominant Patterns

Three patterns of junior college organization are predominant. They are the "unified" (No. 1), "union junior college district" (No. 4), and "two-year off-campus extension center" (no. 6) plans. "Respectively, they constitute 32.0, 21.4, and 18.3 percent of the total number of two-year colleges covered in the study." When all of the local classifications are combined, "it is seen that about four out of every 10 of the two-year institutions are under a board of control which has responsibilities for other public school levels and about three out of every ten are under independent controlling boards."

"The fact that almost one out of every five of the two-year colleges operating under public auspices is under the control of four-year degree-granting

colleges and universities is significant...(since)...historically, the junior college or community college movement has been viewed as a phase of local public education."

The analysis also revealed regional differences in organization. In the Northeast region of the United States the predominant pattern is the two-year off-campus extension center -- because of the influence of 11 centers of Pennsylvania State University and of six technical institutes operated as part of the State University of New York. In the North Central region (including Wisconsin, other Midwestern and Great Plains states) the pattern is the unified school district plan, 53.1% of all the public two-year colleges under the auspices of local public school districts. The University of Wisconsin and Indiana University operate systems of two-year branch institutions in this area, and the extension centers account for 18.5% of all public two-year colleges in the North Central area.

The trend in the South and West is toward the union junior college, reflecting the influence of state systems as the junior colleges in Texas and Mississippi in the South and California and Colorado in the West. The South's percentage of extension centers reaches 20.0 largely because of the University System of Georgia and its centers. High school and junior college districts account for 23.2% of all the public two-year institutions in the West. (California's state department of education no longer will approve the creation of high school and junior college districts, the article notes. The union junior college is advocated for the future.)

## Analysis of Sources of Income

Slightly more than a half of the income of junior colleges in "unified districts" is derived from the local tax-supporting district, the state furnishing

approximately one-fourth of the financial aid funds. Student fees and charges account for only 11 percent of the income. (All percentages represent average practices in the separate categories.) Institutions in unified districts and in high school and junior college districts differ but little in their major sources of income. The greatest difference is noted in the area of student tuition. In this area high school and junior college districts receive 15.9% of their funds from tuition transfers, i.e., from money paid by some other governmental jurisdiction for tuition charges levied on students residing in the jurisdiction and attending the junior college, as opposed to 5.7% received by unified districts. The relatively high proportion of income from tuition transfers suggests that the high school and junior college tax districts are typically smaller than the attendance service area of the college.

Distribution of income received by union junior colleges also is much like that of the unified district institutions, a slightly smaller proportion coming from local taxes and a slightly larger proportion from state aids and from auxiliary enterprises. It is suggested first that this distribution indicates that this kind of two-year institution tends to grow larger and to develop auxiliary enterprises from which income to the college results; second, "and more important," that states which provide aid to two-year programs tend to advocate the union junior college district organization.

Local junior college districts derive about one-third of their income from local taxes, slightly more than one-third from state funds, and about 15% from student tuition. Funds from tuition transfers, accounting for approximately 11% of the total income, raise the total proportion from local sources to approximately three-fifths.

The state junior colleges and the two-year extension centers derive substantially more income from student charges than the local public junior colleges,

the former obtaining 15.1%, the latter 30.0% from student charges. No income is drawn from local tax sources. More than half of the operating income for each type of institution is derived from state aid funds. State junior colleges receive approximately one-fourth of their income from auxiliary enterprises; extension centers derive approximately one-eighth of their income from such sources.

The Wisconsin county normal schools draw 56.7% of their income from state aid sources and about one-fourth from local taxes. Ten percent of their income is obtained from tuition transfers, slightly less than 10% from student fees. "Like the local public junior colleges, the Wisconsin county normal schools seem to be committed to keeping expenses of the students to a minimum..."

## Conclusions

While there are significant regional differences in patterns of organization at present, it is conceivable that new developments in each region may change the situation in the next few years. Florida, for example, is implementing a program of community college development along lines of the unified district type. But in Ohio, extension centers are being established by a number of four-year universities, and Massachusetts is studying the possibilities of a network of state-supported and controlled two-year colleges. Colorado and California are expanding the number of union junior college districts within their boundaries.

In two-year colleges which have local tax support and local boards of control student costs tend to be kept to a minimum. Over one-half of the income of these colleges comes from local taxes, slightly more than one-fourth from state aid. In contrast, state junior colleges get about 15%, university extension centers 30%, of their incomes from student charges. Both types of institutions get over half of their operating income from the state.

Financing public two-year colleges according to patterns of organization and region (Article II)

The 247 institutions participating in the analysis of income sources presented in Article I are represented in this study, which reports the distribution and the sources of income for five different types of two-year colleges, four which fall in the local public category and the state two-year colleges. The article is replete with statistical information regarding the various regions of the state. Where possible, comparisons by region are made, but the data bearing on the North Central region, where Wisconsin is located, are emphasized in this abstract.

In the study conducted by the USOE, 66 two-year colleges located in unified high school districts took part. Of that number, 38 were located in the North Central region. TABLE 1 indicates the amount of support, expressed in percent, received from various sources by the schools in this category.

TABLE 1

| | Local Taxes | State Aid | Tuition | Other # |
|---|---|---|---|---|
| North Central | 61.8% | 15.6% | 14.3% | |
| Northeast | None | None | 58.2 | 31.3[a] |
| South | 16.3 | 42.0 | 26.4 | 8.4[b] |
| West | 46.2 | 36.0 | 1.8 | 10.5[c] |

\# Figures included only when percentage exceeds 4.0

a Endowments and gifts

b Auxiliary enterprises; other student fees provide additional 6.0%

c Fees from tuition transfer

A total of 19 institutions in high school and junior college districts participated in the study. TABLE 2 provides the breakdown of major sources of

financial support for the 19 junior colleges, only four of which are in the North Central region. No institutions from the northeast reported.

TABLE 2

| | Local Taxes | State Aid | Tuition | Other # |
|---|---|---|---|---|
| North Central | 72.4% | 9.6% | 14.7% | |
| South | 11.4 | None | 39.7 | 48.4[a] |
| West | 49.6 | 24.2 | 1.3 | 17.0[b] |

\# Figures included only when percentage exceeds 4.0

a Auxiliary enterprises

b Fees from tuition transfer

Fifteen institutions of the type located in local junior college districts reported to the USOE. The North Central area provides but one of these schools (in Nebraska). In institutions of this type there is a striking difference in the distribution of income as compared with other types. TABLE 3 provides the breakdown of sources.

TABLE 3

| | Local Taxes | State Aid | Tuition | Other # |
|---|---|---|---|---|
| North Central | 81.4% | None | 16.3% | |
| Northeast | 31.3 | 28.1 | 33.8 | |
| South | 35.4 | 33.4 | 22.6 | |
| West | 37.3 | 42.0 | None | 19.4[a] |

\# Figures included only when percentage exceeds 4.0

a Fees from tuition transfer

Fifty-four (54) of the junior colleges in union two-year districts reported, only one of these being from the North Central area (in Michigan). See TABLE 4 for the distribution of funds.

TABLE 4

| | Local Taxes | State Aid | Tuition | Other # |
|---|---|---|---|---|
| North Central | 17.7% | 29.8% | 46.3% | 6.0[a] |
| Northeast | 19.9 | 29.4 | 33.1 | |
| South | 29.6 | 28.7 | 20.1 | 13.0[b] |
| West | 53.8 | 29.4 | 1.2 | 8.5[c] |

\# Figures included only when percentage exceeds 4.0

[a] Other student fees

[b] Auxiliary enterprises

[c] Fees from tuition transfer

Fifteen state junior colleges reported to the USOE, two of these being in the North Central region (in North Dakota). TABLE 3 is provided to show the distribution of funds from the various sources.

TABLE 5

| | State Aid | Tuition | Auxiliary Enterprises |
|---|---|---|---|
| North Central | 55.0% | 5.8% | 23.9% |
| Northeast | 50.6 | 47.5 | None |
| South | 51.2 | 6.7 | 28.9 |
| West | 53.9 | 12.4 | 23.2 |

## Conclusions and Generalizations

The major conclusion drawn from the USOE study is that there is little

uniformity in the distribution of income for operating two-year colleges over the nation. It is evident that historical and traditional practices influence school financing in each of the regions. Generally speaking, in the North Central region local taxes seem to provide most of the income for operating. Student tuition and fees make up the major proportion of funds in the Northeast, but the West obtains little aid from student payments. The Southern states carry a slightly larger part of the costs than the student or locality, though auxiliary enterprises produce substantial revenues. The findings of the USOE study indicate the difficulty in determining a single pattern of organization and support which will meet the needs of all types of colleges in all parts of the nation.

* * * *

Financing two-year institutions affiliated with 4-year colleges and universities (Article III)

This portion of the USOE study was concerned with the financing of extension centers, or branches as they sometimes are called, established by parent four-year colleges and universities, or by university systems. Eighty-two percent of the centers in operation at the time of the study took part in providing financial statistics. Twenty-three (23) institutions in the North Central region participated including eight in Wisconsin, 14 in Indiana, and one in Michigan. It should be noted that there are differences in organization among the two-year branches. Furthermore, there is a considerable difference in the definition by each parent institution or system of the role of the branch. These differences are reflected in the different support patterns of the centers.

One of the largest sources of income in the North Central region is student tuition. The state average in Indiana is 68.3% with a range from 26.1% to 92.2%. The average for Wisconsin is 37.6% with a range from 29.7% to 52.9%. The single Michigan institution received 3.8% of its income from this source. The mean

percentage for the entire North Central area was 50.9. The second largest source of income in the area is state funds. Indiana gains 16.1% from this source with a range among the colleges from zero to 63.5%. Michigan gains 63.9% and Wisconsin 62.4% from this source. Wisconsin institutions obtain no funds from auxiliary enterprises, while Indiana obtains 9.7% and the one Michigan school 29% from these enterprises.

According to the USOE report, "the Wisconsin extension centers appear to be more dedicated to the principle of keeping costs to the student to the minimum" than other comparable institutions in the North Central region.

Eighteen institutions in the Northeast reported to the USOE. Student tuition and fees account for slightly more than four percent of the funds received by all 18 centers. By far the largest source of income in the area is state aid, the average for all centers being 60%. This figure is materially reduced by Pennsylvania, which provides no state funds for its 11 centers. The Northeast region also, on the average, gains 7.4% from college organized activities and obtains 6.8% from auxiliary enterprises.

The Northeast region presents a picture of great variability. The averages cited in this abstract actually are less significant than ranges of zero to 88.4% in student tuition and of zero to 100% in state aid funds.

In the Southern region the major source of support is state aid, the regional average being 53.3%. The range is from zero to 100%. Auxiliary enterprises provide an average of 22.2%. Student tuition averages 16.7%, but the range is from zero to 95.8%. The pattern in the South is quite different from that found in the Northeast, where state aid was followed by tuition, or the North Central, where tuition was the primary source.

Only three centers in the West responded to the USOE inquiry, so averages are misleading. Approximately one-half of the total was received from state funds, slightly more than one-fourth from endowments and gifts (in Idaho 49% of

the total), most of the rest from student tuition (9.0%), auxiliary enterprises (8.0%) and other student fees (5.0%).

## Two-year branches and two-year colleges

The greatest differences between the support patterns of the other types of public two-year colleges and these two-year centers, or branches, are in two sources: local taxes and tuition. The state junior colleges and the centers received no income for operating from local sources; all other junior colleges do. In branches, fees for tuition are much more important to operating income than is the case in other types of two-year schools. State public junior colleges are in general similar in support patterns to extension centers, though the state junior colleges get more funds from auxiliary enterprises and less from tuition charges.

## Generalizations and Conclusions

Major conclusion drawn is that the financing of two-year extension centers varies greatly from region to region and from state to state within regions. Differences are more pronounced in the case of extension centers than in any other type of two-year colleges. The variation of support patterns appears to result "in large measure from the divergent practices of the parent institution and the educational role each assigns to its centers". The USOE report notes that there is evidence that the financing of the two-year branches is "based on somewhat more unstable and precarious sources" than the other types of two-year colleges. The report concludes by raising a question regarding "the extent to which stability of financing can determine stability of instructional programs, student services, and institutional operations generally".

* * * *

Fiscal support patterns of Wisconsin two-year colleges (county normal schools) (Article IV)

Eighteen of the county normal schools are discussed in this fourth article on two-year education beyond the high school.

The three major sources from which income is received by the Wisconsin normal schools are state aid, 56.7%, local taxes, 26.1%, and tuition transfer, 10.3%. Slightly more than 93% of the total income received by these institutions is accounted for by these three sources. According to 1956-57 statistics, however, there is considerable variation in receipts from state aid. While every normal school received some state support, the range among the institutions was from 41.6% to 86.3%. Four institutions received between 40 and 50%; seven between 51 and 60%; four between 61 and 70%; one between 71 and 80%; and two over 80% of their total income from this source.

All but two of the 18 institutions reported receiving some income from local taxes. Once again there was considerable variation within the range of zero to 44.8%. Tuition transfer, the third major source of revenue, ranged from zero to 31.1%. (It will be recalled that tuition transfer is the money which is paid by one political subdivision to a college located in a second political subdivision for enrolling students whose residence is in the first area.) Four of the schools received no income from tuition transfer, however.

Student tuition contributed only 4.2% of the total income, as only eight schools received such support. Thirteen of the 18 obtained funds from other student fees, but the average percentage was only 2.3%.

The county normal schools received a higher percentage of their income from state funds and a lower percentage of their income from student tuition than any other type of two-year college in the North Central area. The normal schools closely resembled the state two-year institutions in terms of student tuition and state aid, but the similarity ended there, as state colleges obtained no funds

from local sources and the normal schools gained nothing from auxiliary enterprises.

A comparison of the normal schools with all two-year colleges in the United States led to the USOE finding that the normal schools have been "unually successful" in keeping expenses of the student to the minimum. With the exception of institutions operated in high school and two-year college districts, all other types of two-year colleges "show from 2 to 6 times as large a percentage of income received from student tuition as the Wisconsin institutions".

As to local taxes, such a source provides one-fourth of the total funds for the normal schools. In four of the other six types of two-year colleges reported on in this paper, the range in such support is from one-third to over one-half of the total income. Furthermore, the percentage of income received from state sources is higher for the normal schools than for any other type of two-year college in the United States.

* * * *

## Conclusions

The USOE report concluded with the statement that the "...series of articles has not shown any best design". The many factors contributing to variability in organization and support are acknowledged. The USOE does recommend strongly, however, that

> Whatever the fiscal policy of the governing body may be, it would seem desirable for all public two-year colleges to share one common policy. This is to provide at no cost, or at the minimum possible cost, the first two years of post-high school education and training for the security of the nation and most effective use of natural resources. At the present time there are many plans for insuring that a larger and larger proportion of the cost of a college education will be borne by the student or his parents. Many advantages are claimed for this recommendation, most of which are related to the reduction of taxes. At a time when, perhaps more than ever before, this country needs all of its potential human resources, it would seem like foolish economy to say that the cost of higher education should deter any capable student. In a democracy one of the prime essentials is that every boy and girl should have the opportunity to continue education as long as added benefit is being received. No student should be 'priced out' of higher education.